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Memorandum on Principal Problems to be Dealt with at

The Ninth International Conference of American States

The Ninth International Conference of American States, scheduled to convene in Bogota, Colombia, on March 30, 1948, has four major tasks to accomplish.

1. Reorganization of the Inter-American System. The first is to reorganize and strengthen the procedures and agencies of the Inter-American System. The general agreement on this will be embodied in a basic Charter or Convention, somewhat comparable to the UN Charter. A draft of this document to serve as the basis of discussion at the Conference was prepared in 1945 and has been revised by a committee of the Governing Board of the Pan American Union, reviewed by the Board and transmitted to the Governments to serve as a basis of discussion at the Conference. Although representatives of various American Republics, including the United States, participated in this work, it has been made clear that their participation is without prejudice to the official positions of their governments at the Conference. A copy of this draft is attached (A).

The principal problems raised by this draft are:

(1) The degree of centralization of authority and concentration of responsibility within the Pan American Union over the entire Inter-American System. This is a major feature of the draft. Under it the Pan American Union would be composed of the Governing Board, the Secretariat, and four Councils (Economic and Social, Defense, Cultural, and Juridical); would be given increased authority over the inter-American specialized organizations; and would be in effect the permanent central organ of the System (see Articles 27-29, 33-37, 46, and 70-71 of the draft);

(2) The relation of the organs and agencies of the inter-American System with those of the UN. The present draft contains only brief general provisions under which a variety of relationships can be worked out (see Articles 4e, 34, 50, and 75 of the draft). Whether it is desirable or possible to indicate the nature of the relationships in greater detail and what intervention, if any, the Pan American Union should have in the relations between other inter-American organizations and their world-wide counterparts are questions which will arise at the Conference;

(3) The nature of membership and participation in the System. The draft provides that all Republics are members as of right but recognizes that their membership carries obligations (see Articles 2, 3 and 16). However, whether, for example, governments not recognized by a majority of the other Republics should attend conferences and whether there should be provision for suspension or deprivation of rights of membership for failure to fulfill obligations are questions which require further consideration.

(4) The desirability of including a set of general "principles" such as those now contained in the draft (pp. 2 and 3) as against a "Declaration" of the Rights and Duties of States annexed to the basic Charter, as originally envisaged by the Mexico City Conference, or a separate resolution on the subject;

(5) The method

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(5) The method of financing the Pan American Union. This problem is raised particularly by the provision in the draft which would empower the Governing Board to fix and change both the formula for determining the contributions of the governments and the annual budget. Some interim action will be necessary at the Conference in order to provide for a quota system prior to the coming into force of the Pact, presumably as part of some general interim arrangement.

In addition to this basic Charter, part of the task of reorganizing the Inter-American System is to determine the future status of the approximately 22 existing inter-American specialized organizations, a list of which is attached (B). The major questions presented in this field are: Which agencies should be abolished? Which amalgamated with others? What definitive action can be taken by the Conference toward this end? (To alter the status of some organizations would require revision of the treaties.) Should the statutes or by-laws of the four major Councils referred to above be approved by the Conference or, as presently provided, should they be left to subsequent action and approval by the Pan American Union Governing Board?

2. Economic Cooperation. The second major task of the Conference, and probably the one to which the other Republics attach the most immediate importance, is the working out of bases for inter-American economic cooperation, especially a program whereby the United States will assist the Latin American countries in developing their economies and in meeting present compelling problems. Economic development has become a foremost objective of national policy throughout all of Latin America, and is the dominant force behind their policies and actions. Other and related problems are inflation, persistent trade deficits, dollar shortages, currency instability, non-convertability of soft currencies, and inability to import goods in the kinds and quantities needed.

Latin Americans look to the United States as the natural as well as the only possible source for the capital, know-how, and equipment needed to make their development a reality. They keenly feel that in our plans to help meet the needs of other parts of the world we have given too little thought to theirs. Their dissatisfaction over the degree of U. S. assistance to them has led to a deterioration in relations with the United States which has gained considerable momentum. If at Bogota we should offer nothing constructive to help them, we may expect to see our general relations with Latin America undergo a further serious and rapid decline.

The Rio Conference of 1947 directed the Inter-American Economic and Social Council to prepare for Bogota a draft basic agreement of inter-American economic cooperation. The Council has now completed its draft, except for a chapter on commercial policy which will be added at the Conference when the results of the ITO Habana Conference are known. Copies of the Council's draft are attached for your information (attachment C). It is a working document for the Conference and does not in any way commit the United States, or any other government, in the position it will take at Bogota. In a number of important respects in fact the draft agreement is at variance with the views of this Government. Reservations have been entered by the United States, particularly with respect to provisions relating to assurances and safeguards for American private enterprises abroad.

The draft agreement also fails in certain respects to meet the desires of the other Republics. Many of them, for example, want firm assurances of governmental financial assistance, provision for an effective development organization, and recognition, as a means of stimulating the

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flow of investment capital, of the principle that earnings should be taxed only in the country where the enterprise is located. With respect to the last point, the Colombian representative, with the obvious support of the others, has introduced a specific proposal, which will probably be strongly pressed at Bogota.

All of these differences can probably be settled in a satisfactory manner if the United States can offer at Bogota a constructive program of cooperation. We are attempting to develop such a program emphasizing the role of private investment and self-help. The program under consideration would include the following elements:

1) An increase in the lending authority of Export-Import Bank to permit further loans to Latin America (the Bank has little lending authority un-utilized), and a liberalization in its loans, both as to amount and as to the purpose and maturity. This does not involve an appropriation.

2) Support, through the U. S. Representative on the International Bank, of a more sympathetic attitude on the Bank's part toward loans for Latin America.

3) Conclusion of the basic agreement referred to above, preferably in treaty form, on inter-American economic cooperation which, through increasing the assurances, and, if possible, the incentives, to private foreign investment should result in a larger flow of private capital from the United States to Latin America.

4) Assurances that Latin America will receive equitable treatment in the allocation of short-supply items which are subject to export control in this country.

5) An increase in the present program of technical and scientific cooperation extended by the United States to countries of Latin America.

6) Creation of an inter-American development organization or corporation to prepare sound projects for economic development. Consideration is being given to a suggestion that this corporation be provided with $50 to $100 million dollars of mixed United States-Latin American funds to make loans or guarantees for the realization of specially desirable projects for which other financing was unobtainable.

Such a program, it is believed, would accomplish the objective of the United States at Bogota without laying on this country any heavy new burdens. Its presentation would be accompanied by an orderly recapitulation of the economic assistance already extended by the United States to Latin America since the end of the war as proof that this country had not forsaken its neighbors to the South. Behind the scenes at the Conference the advantages of the ERP off-shore procurement might be stressed in talks with those countries which stand to benefit from it, provided the ERP had sufficiently advanced in the Congress by that time to warrant such use.

3. Treaty on Pacific Settlement. The third major task of the Conference is to conclude a comprehensive treaty on the procedures for the pacific settlement of disputes--procedures of conciliation, arbitration, judicial settlement, and the like. There are time-honored procedures embodied in a series of bilateral and multilateral treaties, unsecordinated and overlapping in some cases. The primary purposes of these sets of

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procedures is to provide mechanism for the settlement of disputes among the 21 American Republics before they reach such a serious stage as to create a possible danger to the peace. Thus this treaty would complement the recently concluded Treaty of Reciprocal Assistance and and the two together constitute the inter-american peace and security system as a regional arrangement under the UN.

Two drafts of a treaty, coordinating and simplifying the entire pacific settlement machinery, have been prepared by the Inter-American Juridical Committee pursuant to a directive of the Mexico City Conference. Both are enclosed (D and E). The 1947 "Definitive Project" was intended by the Juridical Committee to supersede the previous draft as the basis of discussion at the Conference. However, since there are wide divergencies between the two drafts, it is possible that both will be used as a basis of discussion at the Conference and, therefore, copies of both are enclosed.

Principal problems to be considered in connection with the pacific settlement procedures include:

(1) Whether the parties should be obligated to accept compulsory arbitration for all disputes justiciable and non-justiciable. Although such an obligation is included in the 1947 draft, it is felt that this Government should oppose it;

(2) Whether there should be an obligation to resort always to and only to the procedures specified in the treaty in any controversy which cannot be settled by negotiation, as against an obligation to resort either to these or to other procedures of the parties' own choice. It is our present view that the first alternative would make the pacific settlement system too rigid and that, from a practical point of view, a more flexible system centered around the procedure of consultation would be more desirable;

(3) Whether the Pan American Union Governing Board or the Meeting of Ministers of Foreign Affairs should be given the authority to investigate any dispute and to recommend specific terms of settlement, on the analogy of similar authority given the Security Council in the UN Charter, or whether its power should be limited to good offices and mediation and to recommending procedures of settlement.

4. Other Matters. The agenda of the Conference likewise includes a number of items primarily of a juridical, political and social nature. The following are matters falling in the first two categories:

a. Declaration of the Rights and Duties of States. It was agreed at the Mexico City Conference that such a Declaration would be annexed to the basic Charter for the Inter-American System, and a fairly acceptable draft has been prepared by a Committee of the Pan American Union Governing Board. However, most of the proposals from the draft which are generally acceptable have now been incorporated in the Preamble of the basic Charter and a number of Latin American Republics have suggested that a separate Declaration is not necessary. This position appears satisfactory, but if a separate document should be urged at the Conference, we would favor a Declaration rather than a binding Convention.

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b. Recognition

b. Recognition of Governments. The Ecuadoran Government has proposed a convention to abolish recognition of de facto governments. Guatemala has proposed that the Conference agree that the Republics will not recognize "anti-democratic" regimes. The present stage of preparatory thinking on this problem is that the United States should favor a resolution stating that the continuance of diplomatic relations among the American States is desirable and that the fact that relations are established or maintained with a given government does not imply approval of the internal policies of that government;

c. European Colonies in the Americas. Guatemala has proposed that the Conference approve a resolution to the effect that the American Republics desire that the status of colonies in the Americas be terminated. The U. S. delegation will not favor any such action and will avoid taking any position that would favor either party to any existing disputes over European possessions. This problem is highlighted by the recent tension between the United Kingdom, Argentina and Chile over the Falkland Islands and the Antarctic regions.

Topics which fall generally under the head of "social matters" include the following:

(a) Charter of Social Guarantees. A draft of such a document has been prepared by the Inter-American Juridical Committee pursuant to a directive of the Mexico City Conference. It is unsatisfactory from the U. S. point of view and we intend to oppose definitive Conference action and propose reference of the draft to the Inter-American Economic and Social Council for study in consultation with the ILO;

(b) Declaration of the Rights and Duties of Man. The Mexico City Conference also proposed that a declaration of human rights be annexed to the basic Charter along with the Declaration of the Rights and Duties of States discussed above. A draft has been prepared also by the Inter-American Juridical Committee. However, since the Mexico City Conference, the UN has established a Commission on Human Rights, which is preparing both a declaration and a covenant for adoption by all UN members and a problem thus arises of coordinating action on these matters in both the UN and the Inter-American System. Furthermore, the present draft contains certain controversial provisions which require careful consideration. On the other hand, it will be necessary to assure the other American Republics of our continued interest in the promotion of human rights;

For these reasons, it is our present feeling that the United States should not favor the adoption of a convention or final declaration by the Bogota Conference, but should agree to a set of general principles which would then be referred to the Inter-American Juridical Council, which is to be established at Bogota, for the development of a definitive document;

(c) An item, entitled "the development and improvement of inter-American social services", has been placed on the agenda by Haiti, but no specific proposals have yet been submitted under it.